



# ENTREPRENEURIAL RECIPROCITY

THE CASE FOR ENTREPRENEURS'  
ENGAGEMENT IN THE COMMUNITY



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# EXECUTIVE SUMMARY

Communities invest significant resources and support to help entrepreneurs succeed, and there is a rich history of entrepreneurs engaging communities in return. In fact, the origin of much philanthropy in America is entrepreneurship, as many entrepreneurs throughout history have created wealth through their business endeavors that has allowed philanthropy to thrive. However, a lot remains unknown about how the rising generation of entrepreneurs thinks about community engagement and giving back.

Philanthropy for Active Civic Engagement (PACE) and New Economy Initiative (NEI) partnered on a project to explore the relationship between entrepreneurs and community engagement, asking the question: How can we motivate and position rising generations of entrepreneurs to give back to the communities that supported them along the way?

In the way that corporate social responsibility has become a common expectation of businesses and corporate leaders have increased their attention, understanding, and investment in CSR over the last decade, this paper aims to have a similar impact in encouraging individual entrepreneurs in their community engagement—acknowledging that individual entrepreneurs have fewer resources and need to approach engagement differently. However, our research and conversations in executing this project left us with a resounding sense that community engagement is not a topic discussed in many entrepreneurship circles. This paper seeks to change that reality.

The cornerstone of this project is the feedback we gathered from entrepreneurs themselves as we sought to understand their philosophies, attitudes, and activities related to their communities. A survey of over 80 entrepreneurs and interviews with over 40 entrepreneurs and entrepreneurship experts informed our major findings:

- **91%** of entrepreneurs are currently engaging their communities outside of their business responsibilities.
- **44%** of entrepreneurs say their businesses have grown as a result of engaging their communities; this increases to **54%** for female entrepreneurs.
- Entrepreneurs' most commonly selected motivations to engage the community—by a significant margin—center around **intrinsic motivations** like personal values and passion.
- Entrepreneurs see **more than double the benefits than obstacles** to engaging their communities. Across all demographics, the largest reason entrepreneurs do not start or increase their community engagement is business demands on their time.
- While **53%** of entrepreneurs define community as the place where they live and work, 43% have a different definition of community and 4% have no definition of community.
- **69%** of entrepreneurs say their current geographic community helped them on their entrepreneurial journey.

## Definitions and Terminology

Further detailed in the full paper, below are brief descriptions of the definitions and terminologies that guided this project.

**ENTREPRENEUR:** An individual who started and still actively leads a profit-seeking, growth-oriented business in the United States.

**COMMUNITY:** The geography where an entrepreneur lives or works.

**COMMUNITY ENGAGEMENT:** Any way that entrepreneurs—in their personal capacities—are supporting, influencing, or participating in activities that are good for the whole community in which they live and work.

**RECIPROCITY:** The practice of exchange between entrepreneurs and communities for mutual benefit.

Recognizing that many entrepreneurs see their primary responsibility as building a successful business, this paper asks readers to consider “What if community engagement was a major factor in contributing to business survival and success?” We break down this exploration into three phases, making the case that community engagement is good for business, entrepreneurs, and communities.

COMMUNITY ENGAGEMENT IS GOOD FOR BUSINESS	COMMUNITY ENGAGEMENT IS GOOD FOR ENTREPRENEURS	COMMUNITY ENGAGEMENT IS GOOD FOR COMMUNITIES
<ul style="list-style-type: none"> <li>■ Advertises values to customers and investors</li> <li>■ Models values for employees and hiring candidates</li> <li>■ Provides opportunities for business development and feedback from customers</li> </ul>	<ul style="list-style-type: none"> <li>■ Helps entrepreneurs find balance and stamina for building their businesses</li> <li>■ Broadens entrepreneurs' networks</li> <li>■ Makes better business leaders</li> </ul>	<ul style="list-style-type: none"> <li>■ Makes stronger communities</li> <li>■ Increases entrepreneurs' connection to their communities</li> <li>■ Contributes to stronger local economies</li> </ul>

Lastly, this paper aims to provide useful strategies to entrepreneurs to more effectively engage their communities, including how to assess their readiness, build an engagement approach, and balance community engagement with business responsibilities. Profiles of five entrepreneurs provide an added resource and showcase entrepreneurs engaging their communities in various ways with various motivations.

Strategies are also shared for entrepreneurship funders and ecosystem builders on how to encourage an environment of reciprocity among entrepreneurs and communities. Specific guidance focuses on how to start the conversation, design new resources and support systems, make investments that encourage or reward community engagement, catalyze peer networks among entrepreneurs focused on community engagement, and encourage entrepreneurs and communities to define goals together.

***Very little research or data exists on the topic of entrepreneurs and community engagement. This paper aims to change that reality and provide a resource that becomes the beginning—not the end—of an important conversation in our country today.***